

House File 2077 - Introduced

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BY ISENHART

A BILL FOR

1 An Act appropriating moneys to the department of agriculture
2 and land stewardship to develop a nutrient credit earning
3 and trading initiative.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NUTRIENT CREDIT EARNING AND TRADING

2 INITIATIVE. There is appropriated from the general fund of the
3 state to the department of agriculture and land stewardship for
4 the fiscal year beginning July 1, 2014, and ending June 30,
5 2015, the following amount, or so much thereof as is necessary,
6 to be used for the purposes designated:

7 For purposes of establishing a nutrient credit earning and
8 trading initiative, including salaries, support, maintenance,
9 and miscellaneous purposes:

10 \$ 175,000

11 1. The department shall develop a nutrient credit earning
12 and trading initiative, which shall be designed to assist in
13 the reduction of nutrients in surface waters. The nutrient
14 credit earning and trading initiative shall utilize a voluntary
15 cost-effective, market-based exchange that allows a point
16 source discharger of nutrients to achieve an established
17 discharge limit by purchasing offset credits from other
18 dischargers who reduce their discharge by equal or greater
19 amounts. The initiative shall also include the establishment
20 of a pilot project to determine strategies for the initiative's
21 permanent success. The nutrient credit earning and trading
22 initiative shall be consistent with findings included in the
23 document entitled "Iowa nutrient reduction strategy" prepared
24 by the department of agriculture and land stewardship, the
25 department of natural resources, and Iowa state university of
26 science and technology and dated May 2013.

27 2. The department shall investigate the feasibility of
28 establishing an interstate nutrient credit earning and trading
29 program among states in the Mississippi river basin, and
30 represented on the Mississippi river/gulf of Mexico nutrient
31 task force.

32 3. a. The department shall submit a report to the
33 general assembly that summarizes its efforts to develop a
34 nutrient credit earning and trading initiative, including
35 recommendations for establishing a viable exchange for earning

1 and trading nutrient credits and necessary statutory changes.
2 The recommendations shall include proposed legislation
3 if necessary. If such legislation is not necessary, the
4 department shall do all of the following:

5 (1) Report on its plans to establish or expand pilot
6 projects not inconsistent with state law.

7 (2) Establish or expand pilot projects using any available
8 public or private funding sources.

9 b. The report is due not later than December 1, 2014.

10 EXPLANATION

11 The inclusion of this explanation does not constitute agreement with
12 the explanation's substance by the members of the general assembly.

13 This bill appropriates \$175,000 to the department of
14 agriculture and land stewardship to begin developing a
15 nutrient credit earning and trading initiative, including by
16 establishing a pilot project. The department must investigate
17 the feasibility of establishing an interstate nutrient credit
18 earning and trading program among states in the Mississippi
19 river basin. The department is required to submit a report to
20 the general assembly by December 1, 2014, regarding its efforts
21 and recommendations to establish a viable exchange for earning
22 and trading nutrient credits and necessary statutory changes.

23 Generally, nutrient credit trading is a system that
24 recognizes two sources of surface water pollution — a point
25 source that can be identified (e.g., a pipe that discharges
26 waste), and a nonpoint source that cannot be so identified
27 (e.g., runoff). The system requires the establishment of
28 certain nutrient (nitrogen and phosphorus) limits or "caps"
29 for sources and allows the point source to exceed its cap by
30 purchasing credits from sellers, including other point sources
31 or nonpoint sources, who reduce their nutrient contribution.